



TSX Symbol: GSY

goeasy Ltd.
33 City Centre Drive
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Press Release

November 4, 2019

goeasy Ltd. Reports Record Results for the Third Quarter

Loan Portfolio Increased from \$750 million to \$1.04 billion, up 38%

Revenue Increased from \$130 million to \$156 million, up 20%

Net Income Increased from \$14.3 million to \$19.8 million, up 38%

Quarterly Earnings Per Share Increased from \$0.97 to \$1.28, up 32%

Mississauga, November 4, 2019: *goeasy* Ltd. (TSX: GSY), ("*goeasy*" or the "**Company**"), a leading full-service provider of goods and alternative financial services, announced its results for the third quarter ended September 30, 2019.

Third Quarter Results

During the quarter the Company generated a record \$286 million of total loan originations, up 29% from the \$221 million in the third quarter of 2018. The increased originations led to growth in the loan portfolio of \$75.9 million, which reached \$1.04 billion at the end of the current quarter, up 38% from \$750 million as at September 30, 2018.

Revenue for the third quarter increased to \$156 million, up 20% over the same period in 2018, driven by the expansion of the consumer loan portfolio. The net charge-off rate for the quarter was 13.2%, up slightly from 12.9% in the third quarter of 2018, down sequentially from 13.5% in the second quarter of 2019 and within the Company's targeted range of 11.5% to 13.5% for 2019.

Growing revenues and continued improvements in operating leverage led to elevated margins, with record net income and earnings per share. Operating income grew to \$42.6 million, up 29% from \$32.9 million in the third quarter of 2018, while the operating margin expanded to 27% up from 25%. Net income in the third quarter was \$19.8 million, up 38% from \$14.3 million in 2018, which resulted in diluted earnings per share of \$1.28, up 32% from the \$0.97 in 2018.

"We saw positive momentum from our new branded media campaign, which drove a 25% increase in loan application volume and a second straight quarter of record new customers, resulting in a 20% increase in loan growth over the prior year," said Jason Mullins, *goeasy*'s President & Chief Executive Officer. "Credit performance also began to improve, as the annualized net charge-off rate for the quarter reduced sequentially by 30-bps, from 13.5% to 13.2%, while the risk-adjusted yield held flat. The strong revenue growth combined with continued operating leverage led to another quarter of record net income and earnings per share."



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“The last several months have also been highlighted by several major accomplishments on our journey to become Canada’s top non-prime consumer lender,” Mr. Mullins continued. “Our progress to improve the future credit quality of our portfolio, expand our channels of distribution through the strategic partnership and investment in PayBright, and strengthen our balance sheet with \$120 million of increased capacity and reduce borrowing costs, provides further confidence to achieve our targets for 2019 and beyond. With the successful amendment of our revolving credit facility now completed, we will focus on exploring the opportunity to refinance our high yield notes and add new sources of capital that can further increase liquidity and optimize our balance sheet.”

Other Key Third Quarter Highlights

easyfinancial

- Total application volume increased 25%
- Revenue grew to \$122 million, up 28%
- Secured loan portfolio grew to \$101 million, up from \$41 million
- 65% of net loan advances in the quarter were issued to new customers, up slightly from 63%
- 46% of applications acquired online, up from 37%
- Aided brand awareness of 84%, up from 80%
- Average loan book per branch improved to \$3.5 million, an increase of 35%
- The delinquency rate on the final Saturday of the quarter was 4.6%, up slightly from 4.4%
- Operating income of \$47.5 million, up 26%
- Operating margin of 39%, consistent with the third quarter of 2018

easyhome

- Revenue of \$33.9 million, down slightly from \$34.2 million
- Same store revenue growth of 2.4%
- Consumer lending portfolio within easyhome stores increased to \$33.5 million, up from \$17.2 million
- Revenue from consumer lending increased to \$4.6 million, up from \$2.2 million
- Operating income of \$5.6 million, down slightly from \$5.9 million
- Operating margin of 16.6%, down slightly from the 17.2% reported in the third quarter of 2018
- Acquired and merged 6 stores and the associated consumer leasing portfolios from Aarons Inc.

Overall

- 38th consecutive quarter of same store sales growth
- 73rd consecutive quarter of positive net income
- Total same store revenue growth of 20.4%
- Return on equity of 24.1% in the quarter, up from 23.8%
- Net external debt to net capitalization of 69% as at September 30, 2019, below the Company’s target leverage ratio of 70%



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- Cash provided by operating activities before the net issuance of consumer loans receivable and purchase of lease assets during the quarter was a record \$80.9 million
- Repurchased 79,260 shares in the quarter under the Company's Normal Course Issuer Bid, bringing total repurchases since November 2018 to 856,712 shares at a weighted average price of \$41.19
- Ranked in the inaugural TSX30 program as one of the 30 top-performing TSX stocks over a three-year period based on dividend-adjusted share price appreciation
- Listed on the inaugural Report on Business list of Canada's Top Growing Companies for its three-year cumulative revenue growth

Nine Months Results

For the first nine months of 2019, goeasy achieved revenues of \$444 million, up 21% compared with \$368 million in the same period of 2018. Operating income for the period was \$122.3 million compared with \$84.6 million in the first nine months of 2019, an increase of \$37.7 million or 45%. Net income for the first nine months of 2019 was \$57.7 million and diluted earnings per share was \$3.72 compared with \$37.2 million or \$2.53 per share, increases of 55% and 47%, respectively.

Balance Sheet and Liquidity

Total assets were \$1.24 billion as at September 30, 2019, an increase of 26% from \$985 million as at September 30, 2018, driven by the growth in the consumer loan portfolio.

Cash provided by operating activities before the net issuance of consumer loans receivable and purchase of lease assets was \$225 million during the first nine months of 2019, an increase of 32% from \$170 million in the same period of 2018.

Based on the cash on hand at the end of the quarter and the borrowing capacity under the Company's amended revolving credit facility, goeasy had approximately \$215 million in funding capacity, which will allow it to achieve its targets for the growth of its consumer loan portfolio through to the first quarter of 2021. The Company has historically been able to obtain the additional financing required to fund the growth of its business at steadily lower costs of borrowing, increasing rates of leverage and more favorable terms. The Company also estimates that once its existing and available sources of capital are fully utilized, it could continue to grow the loan portfolio by approximately \$150 million per year solely from internal cash flows.

The Company also estimates that as of September 30, 2019 if it were to run-off its consumer loan and consumer leasing portfolios, the value of the total cash repayments paid to the Company over the remaining life of its contracts would be approximately \$2.1 billion.



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Future Outlook

The Company has provided 3-year commercial targets for 2019 through 2021. The Company continues to pursue a long-term strategy that includes expanding its product range, developing its channels of distribution and leveraging risk-based pricing offers, which increase the average loan size and extend the life of its customer relationships. As such, the total yield earned on its consumer loan portfolio will gradually decline, while net charge-off rates moderate and operating margins expand, resulting in an increase to return on equity. These targets remain unchanged and are as follows:

	2019 Targets	2020 Targets	2021 Targets
Gross Loan Receivable Portfolio at Year End	\$1.1B - \$1.2B	\$1.3B - \$1.4B	\$1.5B - \$1.7B
easyfinancial Total Revenue Yield	49% - 51%	46% - 48%	43% - 45%
New easyfinancial Locations	10 - 20	10 - 20	10 - 20
Net Charge-offs as a Percentage of Average Gross Consumer Loans Receivable	11.5% - 13.5%	11% - 13%	11% - 13%
easyfinancial Operating Margin	40% - 42%	44% - 46%	45% - 47%
Total Revenue Growth	20% - 22%	14 - 16%	10% - 12%
Return on Equity	24%+	26%+	26%+

Dividend

The goeasy Board of Directors has approved a quarterly dividend of \$0.31 per share payable on January 10, 2020, to the holders of common shares of record as at the close of business on December 27, 2019.

Forward-Looking Statements

All figures reported above with respect to outlook are targets established by the Company and are subject to change as plans and business conditions vary. Accordingly, investors are cautioned not to place undue reliance on the foregoing guidance. Actual results may differ materially.

This press release includes forward-looking statements about goeasy, including, but not limited to, its business operations, strategy, expected financial performance and condition, the estimated number of new locations to be opened, targets for growth of the consumer loans receivable portfolio, annual revenue growth targets, strategic initiatives, new product offerings and new delivery channels, anticipated cost savings, planned capital expenditures, anticipated capital requirements, liquidity of the Company, plans and references to future operations and results and critical accounting estimates. In certain cases, forward-looking statements are statements that are predictive in nature, depend upon or refer to future events or conditions, and/or can be identified by the use of words such as 'expects', 'anticipates', 'intends', 'plans', 'believes', 'budgeted', 'estimates', 'forecasts', 'targets' or negative versions thereof and similar expressions, and/or state that certain actions, events or results 'may', 'could', 'would', 'might' or 'will' be taken, occur or be achieved.



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Forward-looking statements are based on certain factors and assumptions, including expected growth, results of operations and business prospects and are inherently subject to, among other things, risks, uncertainties and assumptions about the Company's operations, economic factors and the industry generally, as well as those factors referred to in the Company's most recent Annual Information Form and Management Discussion and Analysis, as available on www.sedar.com, in the section entitled "Risk Factors". There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those expressed or implied by forward-looking statements made by the Company, due to, but not limited to, important factors such as the Company's ability to enter into new lease and/or financing agreements, collect on existing lease and/or financing agreements, open new locations on favourable terms, purchase products which appeal to customers at a competitive rate, respond to changes in legislation, react to uncertainties related to regulatory action, raise capital under favourable terms, manage the impact of litigation (including shareholder litigation), control costs at all levels of the organization and maintain and enhance the system of internal controls. The Company cautions that the foregoing list is not exhaustive.

The reader is cautioned to consider these, and other factors carefully and not place undue reliance on forward-looking statements, which may not be appropriate for other purposes. The Company is under no obligation (and expressly disclaims any such obligation) to update or alter the forward-looking statements whether as a result of new information, future events or otherwise, unless required by law.

About goeasy

goeasy Ltd., a Canadian company, headquartered in Mississauga, Ontario, provides non-prime leasing and lending services through its easyhome and easyfinancial divisions. With a wide variety of financial products and services including unsecured and secured instalment loans, goeasy aspires to help put Canadians on a path to a better financial future, as they rebuild their credit and graduate to prime lending. Customers can transact seamlessly with easyhome and easyfinancial through an omni-channel model that includes online and mobile, as well as over 400 leasing and lending locations across Canada supported by more than 1,900 employees.

Throughout the company's history, it has served over 1 million Canadians and originated over \$3.6 billion in loans, with one in three customers graduating to prime credit and 60% increasing their credit score within 12 months of borrowing.

goeasy is the proud recipient of several awards including Waterstone Canada's Most Admired Corporate Cultures, Glassdoor Top CEO Award, Achievers Top 50 Most Engaged Workplaces in North America, the Digital Finance Institute's Canada's Top 50 FinTech Companies, ranking on the TSX30 and placing on the Report on Business ranking of Canada's Top Growing Companies. The company and its employees believe strongly in giving back to the communities in which it operates and has raised over \$2.7 million to support its long-standing partnerships with the Boys & Girls Clubs of Canada and Habitat for Humanity.



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goeasy Ltd.'s common shares are listed on the TSX under the trading symbol "GSY" and goeasy's convertible debentures are traded on the TSX under the trading symbol "GSY-DB". goeasy is rated BB- with a stable trend from S&P and Ba3 with a stable trend from Moody's. Visit www.goeasy.com.

For further information contact:

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President & Chief Executive Officer
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David Ingram
Executive Chairman of the Board
(905) 272-2788

goeasy Ltd.**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Unaudited)

(expressed in thousands of Canadian dollars)

	As At September 30, 2019	As At December 31, 2018
ASSETS		
Cash	29,723	100,188
Amounts receivable	17,713	15,450
Prepaid expenses	5,130	3,835
Consumer loans receivable, net	971,467	782,864
Investment	34,300	-
Lease assets	45,987	51,618
Property and equipment	22,300	21,283
Deferred tax assets	8,132	9,445
Derivative financial asset	23,905	35,094
Intangible assets	17,031	14,589
Right-of-use assets	43,648	-
Goodwill	21,310	21,310
TOTAL ASSETS	1,240,646	1,055,676
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Revolving credit facility	112,000	-
Accounts payable and accrued liabilities	40,989	45,103
Income taxes payable	4,078	7,499
Dividends payable	4,447	3,247
Deferred lease inducements	-	1,234
Unearned revenue	7,323	6,002
Lease liabilities	50,136	-
Convertible debentures	40,797	40,581
Notes payable	643,337	650,481
TOTAL LIABILITIES	903,107	754,147
Shareholders' equity		
Share capital	141,927	138,090
Contributed surplus	17,438	16,105
Accumulated other comprehensive income	9,325	3,624
Retained earnings	168,849	143,710
TOTAL SHAREHOLDERS' EQUITY	337,539	301,529
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,240,646	1,055,676

goeasly Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(expressed in thousands of Canadian dollars except earnings per share)

	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
REVENUE				
Interest income	90,304	67,597	249,594	182,163
Lease revenue	27,134	29,506	84,968	90,308
Commissions earned	34,909	29,387	98,341	85,514
Charges and fees	3,786	3,421	10,944	10,046
	156,133	129,911	443,847	368,031
EXPENSES BEFORE DEPRECIATION AND AMORTIZATION				
Salaries and benefits	30,141	27,149	89,248	85,339
Stock-based compensation	1,752	1,727	5,828	5,081
Advertising and promotion	6,425	3,352	19,211	12,942
Bad debts	43,326	32,867	113,485	84,794
Occupancy	5,086	8,628	15,089	25,858
Technology costs	3,314	2,660	9,071	8,292
Other expenses	7,737	7,605	21,504	21,796
	97,781	83,988	273,436	244,102
DEPRECIATION AND AMORTIZATION				
Depreciation of lease assets	9,023	10,091	28,051	30,144
Depreciation of property and equipment	1,607	1,461	4,657	4,470
Depreciation of right-of-use assets	3,798	-	11,266	-
Amortization of intangible assets	1,355	1,486	4,127	4,704
	15,783	13,038	48,101	39,318
Total operating expenses	113,564	97,026	321,537	283,420
Operating income	42,569	32,885	122,310	84,611
Finance costs				
Interest expenses and amortization of deferred financing charges	14,208	12,894	40,350	32,989
Interest expense on lease liabilities	613	-	1,808	-
	14,821	12,894	42,158	32,989
Income before income taxes	27,748	19,991	80,152	51,622
Income tax expense (recovery)				
Current	8,097	9,266	21,951	20,601
Deferred	(174)	(3,617)	535	(6,216)
	7,923	5,649	22,486	14,385
Net income	19,825	14,342	57,666	37,237
Basic earnings per share	1.35	1.03	3.94	2.70
Diluted earnings per share	1.28	0.97	3.72	2.53

Segmented Reporting

(\$ in 000's except earnings per share)	Three Months Ended September 30, 2019			
	easyfinancial	easyhome	Corporate	Total
Revenue				
Interest income	87,087	3,217	-	90,304
Lease revenue	-	27,134	-	27,134
Commissions earned	32,706	2,203	-	34,909
Charges and fees	2,463	1,323	-	3,786
	122,256	33,877	-	156,133
Total operating expenses before depreciation and amortization	71,283	16,854	9,644	97,781
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	1,794	9,453	738	11,985
Depreciation of right-of-use assets	1,672	1,951	175	3,798
	3,466	11,404	913	15,783
Segment operating income (loss)	47,507	5,619	(10,557)	42,569
Finance costs				
Interest expenses and amortization of deferred financing charges				14,208
Interest expense on lease liabilities				613
				14,821
Income before income taxes				27,748
Income taxes				7,923
Net Income				19,825
Diluted earnings per share				1.28
(\$ in 000's except earnings per share)	Three Months Ended September 30, 2018			
	easyfinancial	easyhome	Corporate	Total
Revenue				
Interest income	66,053	1,544	-	67,597
Lease revenue	-	29,506	-	29,506
Commissions earned	27,728	1,659	-	29,387
Charges and fees	1,877	1,544	-	3,421
	95,658	34,253	-	129,911
Total operating expenses before depreciation and amortization	55,906	17,660	10,422	83,988
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	2,004	10,712	322	13,038
Segment operating income (loss)	37,748	5,881	(10,744)	32,885
Finance costs				
Interest expense and amortization of deferred financing charges				12,894
Income before income taxes				19,991
Income taxes				5,649
Net Income				14,342
Diluted earnings per share				0.97

(\$ in 000's except earnings per share)	Nine Months Ended September 30, 2019			
	easyfinancial	easyhome	Corporate	Total
Revenue				
Interest income	241,321	8,273	-	249,594
Lease revenue	-	84,968	-	84,968
Commissions earned	92,029	6,312	-	98,341
Charges and fees	6,853	4,091	-	10,944
	340,203	103,644	-	443,847
Total operating expenses before depreciation and amortization	194,294	49,944	29,198	273,436
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	5,389	29,383	2,063	36,835
Depreciation of right-of-use assets	4,728	5,978	560	11,266
	10,117	35,361	2,623	48,101
Segment operating income (loss)	135,792	18,339	(31,821)	122,310
Finance costs				
Interest expense and amortization of deferred financing charges				40,350
Interest expense on lease liabilities				1,808
				42,158
Income before income taxes				80,152
Income taxes				22,486
Net Income				57,666
Diluted earnings per share				3.72

(\$ in 000's except earnings per share)	Nine Months Ended September 30, 2018			
	easyfinancial	easyhome	Corporate	Total
Revenue				
Interest income	178,808	3,355	-	182,163
Lease revenue	-	90,308	-	90,308
Commissions earned	80,829	4,685	-	85,514
Charges and fees	5,402	4,644	-	10,046
	265,039	102,992	-	368,031
Total operating expenses before depreciation and amortization	158,106	54,733	31,263	244,102
Depreciation and amortization				
Depreciation and amortization of lease assets, property and equipment and intangible assets	6,368	31,866	1,084	39,318
Segment operating income (loss)	100,565	16,393	(32,347)	84,611
Finance costs				
Interest expense and amortization of deferred financing charges				32,989
Income before income taxes				51,622
Income taxes				14,385
Net Income				37,237
Diluted earnings per share				2.53

Summary of Financial Results and Key Performance Indicators

(\$ in 000's except earnings per share and percentages)	Three Months Ended		Variance \$ / bps	Variance % change
	September 30, 2019	September 30, 2018		
Summary Financial Results				
Revenue	156,133	129,911	26,222	20.2%
Operating expenses before depreciation and amortization	97,781	83,988	13,793	16.4%
EBITDA	49,329	35,832	13,497	37.7%
EBITDA margin	31.6%	27.6%	400 bps	14.5%
Depreciation and amortization expense	15,783	13,038	2,745	21.1%
Operating income	42,569	32,885	9,684	29.4%
Operating margin	27.3%	25.3%	200 bps	7.9%
Finance costs	14,821	12,894	1,927	14.9%
Effective income tax rate	28.6%	28.3%	30 bps	1.1%
Net income	19,825	14,342	5,483	38.2%
Diluted earnings per share	1.28	0.97	0.31	32.0%
Return on equity	24.1%	23.8%	30 bps	1.3%
Key Performance Indicators				
Same store revenue growth (overall)	20.4%	26.2%	(580 bps)	(22.1%)
Same store revenue growth (easyhome)	2.4%	6.2%	(380 bps)	(61.3%)
Segment Financials				
easyfinancial revenue	122,256	95,658	26,598	27.8%
easyfinancial operating margin	38.9%	39.5%	(60 bps)	(1.5%)
easyhome revenue	33,877	34,253	(376)	(1.1%)
easyhome operating margin	16.6%	17.2%	(60 bps)	(3.5%)
Portfolio Indicators				
Gross consumer loans receivable	1,035,596	749,581	286,015	38.2%
Growth in consumer loans receivable	75,888	63,008	12,880	20.4%
Gross loan originations	286,068	221,340	64,728	29.2%
Total yield on consumer loans (including ancillary products)	50.1%	53.5%	(340 bps)	(6.4%)
Net charge-offs as a percentage of average gross consumer loans receivable	13.2%	12.9%	30 bps	2.3%
Potential monthly lease revenue	8,432	8,906	(474)	(5.3%)

(\$ in 000's except earnings per share and percentages)	Nine Months Ended		Variance \$ / bps	Variance % change
	September 30, 2019	September 30, 2018		
Summary Financial Results				
Revenue	443,847	368,031	75,816	20.6%
Operating expenses before depreciation and amortization	273,436	244,102	29,334	12.0%
EBITDA	142,360	93,785	48,575	51.8%
EBITDA margin	32.1%	25.5%	660 bps	25.9%
Depreciation and amortization expense	48,101	39,318	8,783	22.3%
Operating income	122,310	84,611	37,699	44.6%
Operating margin	27.6%	23.0%	460 bps	20.0%
Finance costs	42,158	32,989	9,169	27.8%
Effective income tax rate	28.1%	27.9%	20 bps	0.7%
Net income	57,666	37,237	20,429	54.9%
Diluted earnings per share	3.72	2.53	1.19	47.0%
Return on equity	24.5%	21.6%	290 bps	13.4%
Key Performance Indicators				
Same store revenue growth (overall)	19.8%	25.0%	(520 bps)	(20.8%)
Same store revenue growth excluding easyfinancial (easyhome)	3.4%	6.1%	(270 bps)	(44.3%)
Segment Financials				
easyfinancial revenue	340,203	265,039	75,164	28.4%
easyfinancial operating margin	39.9%	37.9%	200 bps	5.3%
easyhome revenue	103,644	102,992	652	0.6%
easyhome operating margin	17.7%	15.9%	180 bps	11.3%
Portfolio Indicators				
Gross consumer loans receivable	1,035,596	749,581	286,015	38.2%
Growth in consumer loans receivable	201,817	223,035	(21,218)	(9.5%)
Gross loan originations	781,861	657,517	124,344	18.9%
Total yield on consumer loans (including ancillary products)	50.2%	54.8%	(460 bps)	(8.4%)
Net charge-offs as a percentage of average gross consumer loans receivable	13.3%	12.6%	71 bps	5.6%
Potential monthly lease revenue	8,432	8,906	(474)	(5.3%)